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COUNTRY DEVELOPMENT STRATEGY STATEMENT

FY 1985 UPDATE

BURUNDI

Agency for International Development

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BURUNDI

THE FY 1985 COUNTRY DEVELOPMENT STRATEGY STATEMENT UPDATE

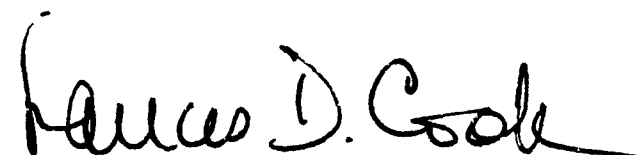
The AID program proposed in the attached long term strategy statement update has the full support of the Country Team and myself.

The update sharpens the focus of the AID program in Burundi on sectors of priority interest to the United States and the Government of Burundi. It also sets forth how the AID program meets the four priority concerns of the Agency as a whole in private enterprise, institution-building research/technology transfer and policy dialogue.

The project program carried out under this strategy is modest, well managed and effective in its collaborative relationship with the host government. I am satisfied that the PL 480 program complements and supports U.S. objectives in both its management and its program authorities.

The program proposed for future years is based on the achievements of earlier projects. Although FY 1984 is essentially a year of consolidation and "mortgage reduction", the first "second-generation" project (Rural Road II) is planned for FY 1983, and FY 1985 should see the start of new activities in agriculture/food production, family health and energy. These programs are complemented by regional activities in training/human resources and energy.

In summary, U.S. policy objectives are well served and supported by the AID program and strategy in Burundi.

A handwritten signature in dark ink, reading "Frances D. Cook". The signature is fluid and cursive, with a large initial "F" and a long, sweeping underline.

Frances D. Cook, U. S. Ambassador

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I. SECTION I: RECENT ECONOMIC DEVELOPMENTS

A. Setting

Landlocked Burundi is one of the Relatively Least Developed countries and it has the second highest population density in sub-Saharan Africa, crowded into a mountainous terrain the size of Maryland.

In the African context, Burundi's economic and political situation is atypical in that the Burundi Government has repeatedly demonstrated that it has strong popular support, a willingness to analyze and face up to its structural problems, and a prudent, conservative, relatively pragmatic ability to deal with economic development needs. Urban migration, as yet, is not troublesome; debt servicing is relatively low (between six to ten percent of exports - see below); water is plentiful; agriculture, even cash crops, remain family plot oriented; and, as yet - there has been no need for IMF intervention. However, depressed market prices for their major export crop - coffee - plus increasing demand for expensive petroleum products and other structural problems have had a serious impact on the Burundi government's ability to sustain growth.

Burundi's physical environment is such that the population's needs cannot be met using current production methods. Population pressure on land and current limitations on food production capability have caused pre-harvest food shortages, increased erosion and reduced soil fertility. Poor nutrition and environmental sanitation have helped to create poor health conditions. Firewood and charcoal have become scarce and expensive. It is apparent that Burundi will face severe food and fuel shortages before the end of the century unless it takes prompt action.

More than 95 percent of the population is rural, living on scattered homesteads. Subsistence farming produces more than 50 percent of the Gross Domestic Product. Between five and ten percent of food crops are sold or traded off-farm. The scale of the modern sector remains very small (employing somewhat more than 100,000 people out of a total population of 4.2 million).

B. Gross Domestic Product

Burundi's real GDP at factor cost grew by 11.3 percent in 1981 compared to 3.7 percent in 1980. Both 1979 and 1980 had low growth rates due to the drop in coffee prices and production, poor weather, the second "oil shock" and transport disruptions. In 1981, by contrast, real GDP soared due to excellent weather, a record breaking coffee crop, and the recovery of the construction and light industries. Predictions for 1982 and 1983 are less optimistic.

Most financing of Burundi's capital investment is done by assistance donors. While internal savings remain quite low (about five percent), gross fixed capital

formation levels were about 14 percent of GDP at market prices in 1980 and more than 19 percent in 1981, despite a substantial shortfall in Government investment expenditures.

C. Policies, Plans and Progress

Burundi has had relatively liberal exchange and trade systems, which has not provided much protection from the swings of the world economy. The GRB has had to apply stricter controls during the 1982 foreign exchange crunch. Inflation has slowed dramatically after the oil price shock years and the rate is now under ten percent per annum. During the "fat years" of high coffee earnings the GRB set up a score of parastatals. Their inefficiencies now seem to be causing concern, and President Bagaza's policy speeches (particularly the April 1982 speech to senior civil servants) stressed involvement of the private sector. The GRB has just approved the IBRD parastatal report.

Regarding agricultural pricing policies, the GRB coffee prices to the smallholder producer provide an incentive to the farmer, but tea prices do not. Subsistence food prices are not controlled, and, agricultural inputs such as fertilizer and pesticides are virtually not available on the open market (limited quantities are available through the extension service for cash crops). The parastatal for food marketing does not seem to have much impact on prices. In the case of rice (which probably should be regarded as a cash crop), one large processor sets the price. The price of bread (consumed largely by the small modernized urban sector) is set, but that of wheat is not.

Burundi has a five year rolling development plan that is updated each year. The Third Five Year Plan (1978-1982) emphasizes agricultural production (especially to meet food requirements) increasing economic growth to provide employment, import substitution and export diversification, and arresting deforestation. The Fourth Plan (1983-1987) has not yet been published but should continue along the same lines.

Considering all the difficulties of launching a program from the very low levels of development expenditure that existed prior to 1976 with very limited human resources, the GRB has managed to implement a surprisingly high level of investment in economic and social development to benefit the rural population. More than half the MD's are now outside Bujumbura whereas only 31 percent were upcountry in 1980. Twenty three new health centers/dispensaries were built since 1979. The immunization program against childhood diseases was launched

(first in a rural area). Both civil service and party personnel have been pressed into helping the extension services' "grow more food" campaigns. Paved trunk roads have expanded from 100 to 546 kilometers since 1979 and other major routes have been upgraded as well. Communal tree nurseries will cover the countryside quite thoroughly within a year or two. The number of agricultural technicians in the general Ministry of Agriculture's crop extension service is now 49 (all but seven outside Bujumbura province) while there are 145 assistant technicians, and 83 extension agents*.

The major development problem facing the GRB is structural: mobilizing sufficient resources to carry out its recurrent and development programs for the rural population in an economy that remains more than 50 percent subsistence. Coffee, which has historically been about 4.6 percent of the GDP at market prices or less, has a disproportionate impact on Government receipts. In 1981 export crops (almost entirely coffee) rose to almost 5.6 percent of GDP, but because of the low world market price for coffee, quota ceilings, and delay in export payments, the GRB lost money on coffee, putting a very substantial drain on the recurrent (operating) budget. The GRB probably lost money two out of the past three years on coffee.

D. Budget

The GRB has launched major efforts to mobilize its own resources for development. Between 1975 and 1980, the percentage of GDP collected as government revenues increased from 9.0 percent to 14.0 percent, but this figure dropped in 1981 due to government losses on coffee. Total receipts dropped by about five percent in 1981. The GRB has tried to compensate by raising the taxes on beer by more than 100 percent in less than three years, indirect taxes have increased, and the turnover tax has increased from two to six percent in three years. The government charges for most services such as health clinic visits.

The rate of increase in government expenditures has declined in most recent years. When expressed in constant prices, government expenditures have decreased in every year since 1978 except for 1981 which was however, lower in real prices than for 1979. The rate of increase has usually been less than the inflation rate.

* These figures exclude large donor financed extension programs, forestry, fishery and livestock staff.

In 1981, current expenditures in market prices increased only about six percent for wages, goods and services, while the annual increase in subsidies/transfer payments slowed from 22 percent in 1979 to eight percent in 1981.

It should be noted that many donor-financed activities are not included in the extraordinary budget and it thus seriously underrepresents public investment. Between 1976 and 1980 GRB development expenditure increased massively, as did the inflow of assistance from donors. Capital expenditures rose only 11 percent in 1980 and stagnated in 1981. This is partially due to drops in Government receipts, but also due to limits on absorptive capacity for the more difficult agriculture and rural development projects that do not involve physical infrastructure.

E. Money Supply and Balance of Payments

Burundi's monetary supply is largely dependent on coffee production and prices as well as public sector operations. Each coffee crop necessitates a major credit financing operation to pay the grower. The bulge gradually vanishes as export payments are received. For a few years Burundi's monetary supply was relatively stable, but it soared with the record 1981 crop. In 1982, unexported coffee required financing, and substantial inflow of foreign assets also contribute to money supply increases. To date, the GRB monetary policies have been conservative, but the authorities must pay close attention to a situation which they can only partially control.

Although Burundi's export sector usually accounts for five percent of GDP at factor cost, it has a disproportionate impact on foreign exchange availabilities. In the middle 1970's, Burundi had a large surplus in the balance of trade but this vanished as world coffee prices declined and the Third Development Plan increased imports. Coffee earnings dropped sharply in 1980 and transport bottlenecks decreased foreign exchange receipts the following year. In 1981, according to customs records, the value of imports dropped slightly, while the total value of exports rose by a small amount despite a major increase in volume. On the basis of financial settlements, the deficit was a bit larger than in 1980. The deficit on services increased. Official foreign aid flows increased to about \$48.1 million compared to \$37.3 million in 1980. Deterioration is due primarily to factors outside of Burundi's control, and is reflected in the decrease of official reserves from nine months of imports in December 1979 to about six months requirements in December 1981 and three in 1982.

Since 1980, Burundi has had a couple of short term foreign exchange pinches, and has had to institute much stricter controls. Part of this is due to the country's dependence on a single crop and the irregularity of receipts from its sales. The foreign exchange problem is, however, primarily a manifestation of the basic long term structural problems of the Burundi economy and the overall difficulty of long term financing of both recurrent and investment expenditures needed for economic development.

Most of Burundi's recently contracted external debt has been on highly concessional terms (estimated grant element of 70 percent) and the debt servicing ratio remains relatively low (an average of three percent of exports in 1977-79 slightly more than seven percent in 1980-81 and perhaps ten percent now while exports are so low). This should remain relatively unchanged for the next few years. It should be noted that export fluctuations will cause distortion in these figures.

II. AID ASSISTANCE STRATEGY

The AID program in Burundi at this time consists of a sharply focused project program plus PL 480 Title II. Our project program, implemented in a strong collaborative style and (in the Burundi context) innovatively has given the U.S. more influence to effect policy changes in these sectors than would normally be expected. Thus AAO/Burundi has been able to reinforce the major AID policy directions of policy dialogue, private sector involvement, institution building plus research and technology transfer (See details in Section III).

AAO/Burundi's strategy therefore will be to continue its emphasis through its project program on the interlocking and interdependent development objectives in food production, fuel and family health. From a humanitarian aspect the AAO/Burundi program is directed toward helping to solve the food/population dilemma faced by the rural poor and helping to avert human and ecological disaster in the medium term. AAO/Burundi has three interlocking and interdependent strategy objectives:

A. Increasing Food Availability to the Rural Poor, Particularly in Densely Populated Areas

AID's ultimate objective in food production is the eventual implementation of specific food crop production programs in clearly identified geographic areas to improve both food availability and nutrition for the rural poor. Per capita

subsistence food production has probably declined over the past few decades. Given the context of limited land resources, increasing food production will necessitate a technological shift to increase yields. The shift will require the farmer obtaining more intensive yet relevant production technologies from applied agriculture research, reliable supplies of quality seeds and other agricultural inputs, the availability of appropriately trained extension staff, farm to market roads, and improved food storage and marketing capabilities. A major problem area is reaching the food crop producer, who is normally a woman, with improved technologies.

One of the top five priorities in the GRB's 1978-82 Five Year Plan is increased agriculture production, especially food. AID's Food Sector Assistance Strategy Paper for Africa gives priority to policy planning and analysis; increasing farmer participation in decision making and building institutions-research; extension information in training appropriate technology, and inputs for increasing productivity in agriculture. Because key components and services must be made available for successful implementation of production programs, AAO/Burundi has elected to implement a few highly concentrated projects addressing a limited number of specific components necessary for future food production programs while helping to develop institutional capacities. AAO/Burundi's areas of concentration within the food production strategy objective include:

1. Applied Agricultural Research on Farming Systems in Order to Strengthen Institutional Linkages Between Agricultural Research, Extension and the Farming Community

Projects in this sector will strengthen and upgrade the professional skills of the Ministry of Agriculture's research and extension staff. They will also fill a void in providing the farmers of Burundi with tested relevant innovations in agricultural production technology and methods through farmer training, field trials and demonstrations. The proposed FY 1983 \$8.0 million (Title XII) Small Farming Systems Research project will set the direction of AID projects in food production for the next several years. It will institutionalize farming systems research and the linkages between researcher, extension agent and farmer. It will also provide key information for planning agricultural assistance programs in usable forms for the implementation of extension programs.

Towards the end of the planning period (ca. 1987-88) AAO intends to develop an applied agricultural research follow-up activity to reinforce institutional development that has taken place. This may take the form of farming systems

research in a different ecological region (such as the high altitude zones), or adding additional components, such as substantial strengthening of livestock and forestry aspects of farming systems research. Less stress will be placed on having resident advisors and more emphasis will be given to consulting services.

2. Reaching the Farmer with Technologies, Varieties and Agricultural Inputs

Although the GRB has a department of agronomy (or extension) until recently, it concentrated almost exclusively on cash crops. Area or crop specific development projects had their own extension personnel. The extension subsector encompasses future food crop production programs which cannot be implemented successfully until a certain amount of institutional change and development has taken place.

The major ongoing project in this subsector is Basic Food Crops (695-0101), which multiplies foodcrop seeds that are distributed along the Zaïre/Nile divide by the European Development Fund. AAO/Burundi would like to follow BFC up with a phase II seed multiplication involving farmers in second stage multiplication. Eventually, AAO/Burundi desires to implement an agriculture extension/production project, perhaps aimed at women foodcrop producers, once sufficient information is available from SFSR. This project could not start before FY 1986.

3. Reaching Rural People with Improved Quality of Food

The diet of the average Murundi is deficient in animal protein, fats and some essential vitamins. Using PL 480 Title II commodities, Catholic Relief Services has an active mother/child/health outreach program, with 40,000 recipients. Families also benefit from Food for Work programs. The SFSR project will place additional emphasis on food crops that provide a higher quality of nutrition. Another potential area for assistance is inland fisheries as a means of improving income and nutrition. A fisheries team has just visited Burundi and potential rather modest programs may develop from their findings. Peace Corps assistance may develop from this.

4. Reaching the Farmer and Facilitating Supply of Services and Marketing through Labor Intensive Rural Road Construction

The success of agriculture and rural development projects requires access of personnel and agricultural inputs to the project area as well as moving produce out. In most parts of the country, it is probable that only five percent

of food crop production is marketed, with resulting regional surpluses and deficits. This is partially because of the shortage of secondary and tertiary roads that are in sufficient shape for pick-up trucks to use them and move bulky food to market.

Capital intensive road construction is expensive in mountainous country and in many cases, reconstructing old roads can be done by labor intensive means. In areas where rural underemployment of men is rife, even temporary job creation is important. In 1980 AID began a pilot labor intensive rural road project (R.P. 84) which has gone well, and although not yet completed, has caused considerable change in the surrounding rural economy. The project has an important training component in construction skills, as well as using PL 480 Title II Food for Work. AAO plans to obligate funds in FY 1983 for a phase II road project in the same area, which will consolidate the institutionalization of the labor intensive rural road program. The new project includes study of four more roads for implementation by AID or other donors.

B. Increase Availability of Energy to Rural and Urban Poor while Reducing the Degradation of Soils and the Environment

Soil conservation, afforestation and energy use are closely related in Burundi. Steep slopes and dense population have exacerbated soil erosion and deforestation has accelerated the process. Burundi has one of the world's lowest per capita consumption of commercial energy. Between 90 and 95 percent of Burundi's energy estimated total consumption comes from traditional fuelwood sources. Total forest cover is about 90,000 hectares, or three percent of Burundi's area. Burundi will have only 40 percent of her forests within five years at current rates of consumption, and it is becoming difficult to find firewood in many areas. Wood is no longer regarded as a "free good" in some parts of the country. Although donors, with some notable exceptions, concentrate upon timber production, the GRB, with its limited resources has pushed local forestry for erosion control and fuelwood.

Because petroleum products and their transport are extremely expensive in Burundi and supply routes are uncertain, the GRB policy has been to limit POL usage primarily for transportation. Lake Tanganyika's hydrocarbon potential is being investigated, but is improbable that commercially exploitable quantities will be produced within the time frame of the CDSS.

The GRB actively seeks out other forms of energy, especially hydro-electricity and peat for usage for heat and light. Burundi has substantial hydro-electric potential. About 95 percent of the electricity is consumed in Bujumbura, and, until the recent completion of Mugere hydro-electric plant, all Bujumbura's electricity was imported from the Ruzizi plant in Zaïre. The GRB is proceeding with the 18 MW Rwegura project to supply Bujumbura, Kayanza and Ngozi, and it has also decided to participate in Ruzizi II. The dispersed rural settlement pattern of individual homesteads on a hillside and the lack of towns and large villages make rural electricity distribution networks prohibitive. The GRB has, however, been promoting small hydro schemes to provide electricity to provincial capitals and commercial centers whenever possible. It has also been promoting microhydro-electric installations with power of less than 100 kW. These will be financed by public or private sources and supply local Government centers, schools and clinics.

Burundi has substantial peat reserves. Substituting peat for charcoal, especially in the urban areas, will give time for plantations to mature. The urban domestic fuel market and the artisanal/industry market are the major target groups for conversion to peat instead of wood/charcoal, or as in the case of tea factories, cotton processing, and other industrial users, instead of wood or POL.

Other forms of alternative energy, with the possible exceptions of solar water heating, food drying and maybe producer gas, do not yet seem to offer substantial practical substitutes for current energy resources. They should, however, be investigated. Burundi has been designated OAU/ECA solar energy center for Africa.

AAO's strategy objective is consistent with the forestry, environment and energy policy papers, although AAO's limited human and financial resources permit only partial involvement in key areas. AAO is particularly interested in soil conservation and maintenance of fertility, "social forestry" and fuelwood production, locating fastgrowing species useful for fuelwood, using alternative energy sources to gain time for afforestation, use of more efficient stoves and charcoal kilns as energy "savers" and eventually microhydro to substitute for POL generators where possible. Training, using bilateral or central funding sources to strengthen institutional capacity is a very important component of all sub-sector activities. AAO/Burundi's areas of concentration include:

1. Reducing Erosion and Loss of Soil Fertility while Increasing Rural Fuel Availabilities

Although the applied agriculture research/farming systems subsector is

concerned with soil conservation among other things, our main concern here is with social forestry and watershed protection. The Bururi Forest project is a pilot activity which preserves a key watershed in one of the last two remaining high altitude deciduous forests, while developing new sources of firewood and construction timber for the inhabitants of the Bururi area. Although the project is very small, it has a component for communal and individual woodlots, as well as a component to obtain new varieties in addition to watershed protection. AAO intends to do more extension and agroforestry work, since most donors (with partial exceptions of IBRD and the French) limit themselves to larger scale plantations and timber production. By FY 1984 or 1985, AAO/Burundi may be ready to use the regional Energy Initiatives in Africa project to finance a community forestry extension project in densely populated northern Burundi. We expect to continue this type of project as an example and training device for the GRB's own project throughout the CDSS period. Our activities will probably involve the Peace Corps.

2. Development of Peat as an Alternative Energy for Urban Household and Light Industry Use, thus Providing Time for the GRB Afforestation Efforts to Take Hold

The United States has been a lead donor in peat development in Burundi. Production under the Peat II project has now reached about 11,000 tons a year, and production problems are being resolved while a major marketing effort is needed. The Alternative Energy: Peat II project (695-0103) should, by 1985, result in peat replacing wood and charcoal in 60 percent of Bujumbura's households, as well as using it for light industry and institutions. The focus of Peat II is upgrading the national peat office's institutional capabilities and divestiture of the parastatal (ONATOUR) to a completely private sector organization by 1985. We foresee a much smaller Peat III project beginning in FY 1985, that is designed to provide consulting services in market expansion, technological refinements (e.g. hydrology, marsh rehabilitation for agriculture, briquetting) and increased private sector involvement. A voluntary agency might also take on a pilot activity for small scale rural peat production and use.

3. Institutionalization of Micro Hydroelectric Development and Maintenance

An NRECA team has just investigated the local micro-hydroelectric situation, in light of POL costs and the problems of distribution in a country with dispersed settlement patterns. Burundi has a great many sites suitable for supplying small

agglomerations of clinics, schools and government offices, but planning, construction, and especially maintenance and repair suffer from a lack of trained personnel and a coherent institutional framework. Although AID might desire to finance a few small micro-hydro installations (\$20,000 to \$30,000 each), this would be done in the context of institutionalization of design installation and maintenance of these facilities. AAO/Burundi intends to consider the use of the regional Energy Initiatives in Africa project to finance a microhydro institutionalization and training project.

4. Training and Experimentation with Development of Other Forms of Alternative Energy

AAO will, wherever possible, make use of bilateral and regional funding sources for training people in energy planning, analysis, appropriate technologies and energy management. In addition, as with the very small Improved Rural Technology grant made in 1982 for testing various solar food dryers, AAO may decide to provide very limited support to new appropriate alternative energy technologies.

C. Improving Both the Delivery and the Effectiveness of Health and Family Planning Services to the Rural Poor

It is clear that the increase in Burundi's population strains food and land availability. Burundi has about 420 people per square mile with accelerating population growth rates estimated at 2.3 to 2.7 percent per annum. Infant and child mortality rates are still high, and life expectancy is about 45 years. Burundi is still trying to reach "stage one" in the provision of health care. The Ministry of Health emphasizes public health and providing primary health care for all by the year 2,000. Primary health care stresses maternal/child health (M/CH). A fully developed M/CH program should include child spacing along with nutrition, immunization, sanitation, health education and pre- and post-natal care.

Despite limited resources, Burundi has made progress in recent years. Between 1980 and 1982 the GRB implemented a striking reversal in the percentage of doctors (still more than half non-Burundi) who work outside Bujumbura. The number in the capital decreased from 82 to 76, while those in the countryside increased from 37 to 83. Only two of the country's twenty three hospitals are in Bujumbura, and the number of clinics/health centers increased from 150 to 173 between 1979 and 1982. About half of the quantity of medical services are provided by missionaries. Both the missions and the public sector hospitals and clinics charge modest user fees.

During the April 1982 Congress of Senior Civil Servants, the President discussed population and health within the context of the relationship between food production and population growth, as well as the connection between villagisation and an appropriate demographic policy. High population density was discussed as a constraint on Burundi's economic development. "Family planning" was mentioned for the first time as being among health priorities, but it is not clear, however, what was meant by appropriate demographic policy. The Congress report mentioned the necessity of providing family planning services in the maternal/child health context.

At present, however, child spacing is available sporadically only on demand. There is no policy transmitted to health staff, and general public information is not made available. Usually health staff are not trained in family planning methods and they are uncomfortable with it because they are better informed regarding the difficulties than they are about the major benefits of child spacing.

AAO believes that child spacing programs will be effective in Burundi only when they are implemented within a context of integrated maternal/child health programs. AID's agency-wide Health Policy Paper stresses that an integrated approach, which combines maternal nutrition, immunization, nutrition monitoring, and expanded roles for village health workers, can be effective in diverse settings. AID is willing to finance experimental programs when they are part of a plan to improve health services efficiency and when careful provision is made for evaluation (operations research oriented activities).

AAO/Burundi's population strategy objective and proposed programs are fully consistent with the AID policy objectives of increasing the freedom of individuals in developing countries to choose voluntarily the number and spacing of their children and to encourage a rate of population growth consistent with economic progress and productivity. This would involve both programs in other sectors such as education which influence parents' desire to space or limit children, and programs to ensure widespread availability of high quality voluntary planning services.

Given the extent of Burundi's needs and the very small amount of AID funds available for health and family planning in Burundi, AAO/Burundi will be involved primarily in pilot and operational research projects which have an impact on policy and development programs in health/family planning as well as increase baseline data and the efficiency of program implementation. AAO/Burundi's sub-sector objectives follow:

1. Provide Support to Family Planning in Burundi through Child Spacing by All Methods Including Natural Family Planning and Diagnosis and Treatment of Infertility

At present, AID's activities and proposed projects are limited to continued support for attitude change among the political and health leadership. Ongoing activities include refinements of the RAPID presentation, training under JHPIEGO contract and seminars run by other organizations. The proposed FY 1983 regionally financed Family Health Initiatives project will lay the groundwork for implementing a nationwide maternal child health/family planning program through developing the attitudes, concepts and family planning skills, as well as drawing on experience and base line data gained from pilot MCH/FP programs in rural and urban areas.

The Columbia/University of Burundi operational research program will demonstrate community medicine approach to primary health care in the Gitega area, which includes providing a variety of types of family planning. Two other urban clinics will also receive support to provide proper family planning service with counselling.

2. Provide Support to Key Components of Maternal/Child Health Programs for Inclusion in Primary Health Care, Particularly in Rural Areas

AAO, using regional funds, has provided support for development of the cold chain and other logistics support, plus some training to the GRB/UNICEF/WHO Expanded Program of Immunization (EPI) against childhood diseases. The AID-financed activity will be completed this year. The project evaluation recommended continued support to the Burundi EPI as the program expands to cover all of Burundi. AAO/Burundi is examining the possibility of using central or regional funds through agencies such as the CCCD programs to continue support to the combined GRB/UNICEF/WHO program to strengthen its institutionalization and logistic efficiency. Total cost is estimated at about \$500,000 spread over three years.

3. Provide Support to Key Components of the UNICEF/GRB Safe Water Program

Burundi is fortunate in that climate and geology have given it many thousand springs. UNICEF, with support from U.N. Capital Development Funds and others has been implementing a spring capping program using a very simple, very inexpensive technology (which needs virtually no maintenance and lasts for decades). The program requires strong local and community support. An AID project of \$500,000 proposed for FY 1983 will contribute to training of spring capping staff, some commodities and starting a small training program for local health staff and educators in water and sanitation education.

4. Drawing upon Experience and Pilot Activities of AID and Others, Provide Support to Key Elements of a Nationwide Maternal Child Health/Family Planning Program

AAO expects that it is unlikely that such a program could be in implementation before FY 1985. AID's focus would probably be on education/information/communications for child spacing, some training, strengthening and institutionalizing logistic and managerial support, and health/sanitation education.

III. PRIORITY AREAS AND OTHER CONCERNS

A. Policy Dialogue

AID's program in Burundi is relatively new and small (\$5 million in DA). There are no ESF Title I or Title III programs that would provide the framework for macro-economic dialogue. It should be pointed out, however, that the GRB follows conservative fiscal and financial policies. It has been reluctant to increase money supply and has reduced inflation to single digit figures. Major problem stems from harvest level and world price fluctuations in their single major export crop - coffee.

The IMF is working with the GRB on these problems. The country team has been kept informed of the results of IMF consultations and has informally encouraged the GRB at all levels to support IMF policy recommendations. In addition the IBRD has made a number of overall studies and recommendations during which in many instances the USAID has been consulted. The most recent example has been a study of GRB parastatals which the GRB has decided to accept.

At the sector and subsector levels the USAID through its strong collaborative approach in project design, implementation and evaluation has had more policy impact than its size may warrant. Some of these are described below.

The RAPID presentation, sponsored by USAID, has had a major policy impact on the GRB's recognition and definition of the demographic problem in relation to development. A follow-on RAPID presentation, information activities, an Operation Research project with Columbia as well as a small health initiatives project, all will serve to establish the data base and experience factors necessary for national policy promulgation in this sensitive area.

B. Private Sector

It should be noted that Burundi has only within the past five to seven years begun gradually to emerge from the post-colonial situation of virtual complete dominance of small private enterprises by expatriates. There is a growing GRB

recognition of the need to encourage Burundi small business as well as a growing dissatisfaction with parastatal operations in most areas. Throughout his April policy speech, the President referred to the need to take serious actions to strengthen trade and industry, particularly in the private sector.

AAO/Burundi is taking substantive sector and subsector initiatives within its project program in this area. One of our major activities involves the planned divestiture of the parastatal National Peat Office into a self sufficient profit making private organization by 1985. ONATOUR is already 70 percent self sufficient and PRE consultation will establish modalities and timing for final divestiture of the peat parastatal. This activity is being evaluated closely by the GRB as a model for divestiture of other production-oriented parastatals.

AAO has sponsored training of personnel from GRB financial institutions to help them evaluate proposals for private and mixed investments. AAO has received a request from the Société Burundaise de Financement for technical assistance from IESC in developing their capacity to identify and evaluate small and medium size private sector initiatives for financing. AAO has also helped the Société Immobilière Publique, the public housing corporation, obtain some technical assistance on policy, financial management and design of housing programs from AID's Office of Housing. The focus of this assistance will be to increase private capacity to construct lower income housing for sale nation wide.

The two rural roads projects stress training machinery operators and skilled workers (such as masons) and also teach skills for small scale contractors, moving virtually completely away from daily labor to small scale contracts with private individuals.

C. Technology Transfer

Most of AAO/Burundi's projects are concerned, to a greater or lesser degree, with the transfer of technology. In addition to its institution building aspects, the Small Farming Systems Research project is concerned with facilitating the transfer of appropriate varieties and agricultural techniques from the research station to the extension service and the farmer within a farming systems context. At the present time too many of agricultural research results do not get off the station and if they do they are focused on cash crops. This project will be the cornerstone of future agriculture extension and production projects. The Basic Food Crops project is primarily concerned with technologies of seed multiplication, and the European Development Fund is responsible for the extension and diffusion of technologies to the farmers.

The first rural road project was a pilot program on the development of labor intensive road construction technologies in Burundi. The conditions in Burundi appear quite suitable and in FY 1983 AID proposes beginning a follow-up project. Both projects involve considerable transfer of techniques, both in construction and management.

The Peat II project has a substantial component for peat extraction technology as well as peat utilization (stoves and processing). The small Improved Rural Technology program has a subproject involving testing several types of solar dryers for food under various conditions. The potential micro-hydro activity will concentrate upon transfer of technology for micro-hydro technologies, including the capacity for local maintenance, repair, and even manufacture of some of the simpler parts.

AAO will continue to examine its current and proposed projects in order to make the best use of appropriate technologies for Burundi as well as diffusing their use.

D. Institution Building

Almost all AID projects in Burundi include building up the indigenous institutional capacity so that Burundi can eventually carry out the activities and programs without expatriate assistance. Sometimes this may take longer than the five or six year life of the project, but follow-up assistance may take a different form, such as periodic advisory services from a U.S. institution instead of providing several resident technicians to the project. In our view, institutionalization is not only developing trained staff and physical facilities, but also installing processes and methodologies.

The Small Farming Systems Research project involves not only contributing towards the training of staff and limited physical structures for agricultural research (stressing farming systems), but also institutionalizing the methodology of applied agriculture research on cropping systems into the research system as a whole. The project will also institutionalize linkages with the extension service(s). Future projects on extension and food production will stress upgrading the institutional capabilities of the extension services to reach the farmer more effectively (for both logistic support and conveying ideas on improved technology).

The Bururi Forest project has a pilot activity in extension of community and agro-forestry which we hope to expand on over a five to eight year period. (The GRB is expanding its existing institutional capacity in technical forestry).

One of the purposes of the Peat II project is to strengthen ONATOUR's institutional capacity. By 1985-86 ONATOUR will need some periodic support of consultants in specialized areas, but will have trained staff on board. It is just as important to strengthen ONATOUR's managerial and financial analyses capabilities so that it can make the decisions that are required of profit seeking operations.

In the Family Health/Population field, AID's proposed regionally financed FHI project is specifically designed to strengthen GRB institutions and capabilities so that they can carry out counselling, clinical (when required) and informational activities in the maternal child health and child spacing fields. AID's support to the Expanded Program of Immunization concentrates on improving the logistic support and cold chain capability of the GRB institutions involved in the immunization program.

E. Participant Training

Since the availability of a sufficiently large pool of trained personnel is the single greatest limiting factor in implementing development projects in Burundi, we place considerable emphasis on training personnel both within bilateral projects and more general training using central and regional funds.

1. Degree and Non-Degree Training under AMDP and AFGR/D

In recent years Burundi has received four AFGRAD graduate fellowship places a year at the M.Sc. level. Trainees have been in economic planning, public and business administration, agricultural economics, and plant pathology and physiology. Nominees for 1983-84 academic year include ecology/natural resources, econometrics, and microbiology.

AAO/Burundi uses the regional African Manpower Development Program to finance non-degree and short course training for managerial and technically skilled manpower in the fields of agriculture and rural development. In 1982 AAO obligated \$180,000. To date \$151,830 has been subobligated for 23 people to attend courses and AAO has received nominations to cover the remainder. AAO intends to continue training under AMDP for the foreseeable future because it complements training done under projects. It can be used to train personnel in areas important to AID's general strategy, such as people involved in strengthening the private sector, as well as other important development fields. These people often cannot be trained under bilateral projects. Details of the FY 1983 proposal are contained in the Country Training Program which AAO submitted in November 1982.

2. Project-Related Training

In designing all bilateral projects, AAO/Burundi examines carefully what training is needed so that the project can be operated by Burundi after the departure of technicians and/or cessation of assistance. The type and amount of training will vary with the project and availability of trained GRB staff from on the job training to M.Sc. degree programs.

3. Regionally and Centrally Funded Training Programs

AAO/Burundi endeavors to make maximum usage of regional and central projects in training, especially in the areas of family planning, energy and private enterprise. These efforts will continue.

F. Use of Food Aid as a Development Tool

AAO/Burundi does not have PL 480 Title I or Title III programs. Quantitatively Burundi imports very little food. Although regional imbalances occur from time to time, and there are qualitative nutritional shortages, we believe that Title I/III would not provide an appropriate solution to the problem primarily because of the high delivery costs involved.

Catholic Relief Services runs a PL 480 Title II program for approximately 80,000 participants (value estimated at about \$1.8 million FOB plus \$3.0 million for ocean and inland freight). The Burundi Title II program stresses maternal child health and with an outreach grant has greatly expanded its program in this category from 5,000 recipients in 1975 to 40,000 in 1982. The target population is the most vulnerable group of high risk children under the age of six and pregnant and lactating mothers. In Food for Work, CRS supports construction and maintenance of rural farm to market roads, schools and health centers, conservation and reforestation projects as well as helping to meet the nutritional needs of participating rural families. Approximately 20,000 people a year benefit from Food for Work, including those working on the AID supported labor intensive rural road - Rural Road (R.P. 84) project (695-0108). There are three other minor categories. U.S. Title II commodities are also contributed to the World Food Program activities.

G. Other Donor Coordination

The United States Government is, and will remain, a relatively modest donor in Burundi. AID is the lead donor in only one field, alternative energy/peat. Consequently, AID assistance is tailored carefully in each sector and subsector to take advantage of complementary activities of other donors, which enhance the

effectiveness of AID's programs. Before beginning design of projects in a sector, AAO/Burundi has an assessment done. This analysis is combined with an analysis of other donor activities. Review at the PID preparation stage may result in changes in project direction, often because of other donor assistance.

The GRB discourages formal donor initiated assistance coordination, in the belief that donor coordination should be done by the GRB, in particular by the Ministry of Plan. At irregular intervals the GRB will hold a "Round Table" to discuss particular development programs. The Belgians are the lead donor in the CDA forestry initiative but we have only recently seen the first stirrings of interest in action from them. The UNDP publishes its annual roundup of economic and technical assistance; donors will often form a project specific "consortium" or even an informally coordinated group to implement a project. Recent examples of such donor coordination include Ruzizi II and Rwegura hydroelectric projects and the Ngozi III rural development project.

Specific AID projects with close donor coordination are: Basic Food Crops (695-0101) (European Development Fund finances extension component); Peat II (695-0103) (Irish Government plus others); Rural Roads (R.P. 84) and II (IDA financing of engineers). Bururi Forest and Small Farming Systems Research are dependent on results from French/IDA and Belgian technical assistance respectively. The regionally financed Expanded Program of Immunization is in cooperation with UNICEF/WHO assisted projects, and the Community Water project with a UNICEF/UNCDF program.

H. What Implications Do the Four Priority Areas Have for the Validity of CDSS Strategy and AAPLs ?

In reviewing the CDSS, we have found that the validity of the sector objectives has, if anything, strengthened over time. The thrust of GRB development policy remains emphatically that of developing "the rural sector, the cornerstone of Burundi's economy".

It should be noted that the two years since the last CDSS have witnessed shifts in GRB thinking. This is particularly true regarding population policy, where demographic problems and "family planning" are actively and openly debated, although concrete moves to actual implementation of Government programs have not yet occurred. In a major policy speech in April 1982, the President referred to the need to strengthen trade and industry, particularly in the private sector.

The primary impact of the new emphases on the sharply focused AID program in Burundi is as a reinforcement to our present strategy objectives and goals. AID projects in Burundi have always stressed institutional development and technological transfer as well as improved efficiency in operations and in use of resources. Actions in all four priority areas are discussed in sections A through D above.

We anticipate that the magnitude of the bilateral AAPL will remain at roughly the same level as presented in the ABS. In terms of AID's world-wide emphasis on the private sector, we foresee development of openings for assistance to the private sector in Burundi. We anticipate that (with the exception of Phase III Peat), the financing for most of these will come from the Private Enterprise Bureau and from other centrally administered funds.

AAO Burundi:

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Burundi FY 1985 CDSS Update
Long Range Plan By Appropriation Account
((\$000))

	FY	FY	FY	FY	FY	FY	FY
	1983	1984	1985	1986	1987	1988	1989
DEVELOPMENT ASSISTANCE							
<u>Agriculture, Rural Development and Nutrition</u>	<u>4,354*</u>	<u>4,306</u>	<u>2,900</u>	<u>7,800</u>	<u>3,800</u>	<u>6,900</u>	<u>11,000</u>
Grant	4,354*	4,306	2,900	7,800	3,800	6,900	11,000
Loan	-	-	-	-	-	-	-
<u>Population Planning</u>	-	-	<u>1,000</u>	-	<u>2,000</u>	-	-
Grant	-	-	<u>1,000</u>	-	<u>2,000</u>	-	-
Loan	-	-	-	-	-	-	-
<u>Health</u>	<u>500*</u>	-	<u>1,000</u>	-	<u>3,000</u>	-	-
Grant	<u>500*</u>	-	<u>1,000</u>	-	<u>3,000</u>	-	-
Loan	-	-	-	-	-	-	-
<u>Education and Human Resources</u>	-	-	-	-	-	-	-
Grant	-	-	-	-	-	-	-
Loan	-	-	-	-	-	-	-
<u>Selected Development Activities</u>	<u>1,200</u>	<u>1,694</u>	<u>2,000</u>	-	-	<u>3,000</u>	-
Grant	<u>1,200</u>	<u>1,694</u>	<u>2,000</u>	-	-	<u>3,000</u>	-
Loan	-	-	-	-	-	-	-
<u>Other DA Accounts</u>	-	-	-	-	-	-	-
<u>Total DA Accounts</u>	<u>6,054</u>	<u>6,000</u>	<u>6,900</u>	<u>7,800</u>	<u>8,800</u>	<u>9,900</u>	<u>11,000</u>
Grant	6,054	6,000	6,900	7,800	8,800	9,900	11,000
Loan	-	-	-	-	-	-	-
<u>Economic Support Fund</u>	-	-	-	-	-	-	-
<u>Total DA and ESF</u>	<u>6,054</u>	<u>6,000</u>	<u>6,900</u>	<u>7,800</u>	<u>8,800</u>	<u>9,900</u>	<u>11,000</u>
 PL 480 (non-add)	 <u>1,565</u>	 <u>1,683</u>	 <u>1,780</u>	 <u>1,875</u>	 <u>1,970</u>	 <u>2,060</u>	 <u>2,145</u>
Title I	-	-	-	-	-	-	-
(of which Title II)	-	-	-	-	-	-	-
Title II (fob U.S.)	1,565	1,683	1,780	1,875	1,970	2,060	2,145

* Includes increment of \$457,000 (less than 10 percent) for Basic Food Crops project, plus Community Water and Sanitation (\$500,000). Neither of these were in January 1983 OYB.